



# Department of Justice

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## **FORMER TOP SAS CARGO GROUP A/S EXECUTIVE AGREES TO PLEAD GUILTY TO PARTICIPATING IN PRICE-FIXING CONSPIRACY**

WASHINGTON — The former highest-ranking cargo executive in the United States for SAS Cargo Group A/S (SAS), a Scandinavian-based airline, has agreed to plead guilty and serve six months in jail for participating in a conspiracy to fix prices for air cargo rates, the Department of Justice announced today.

According to the charges filed today in U.S. District Court for the District of Columbia, Timothy Pfeil, while in his capacity as SAS's area director of sales and marketing for North America, conspired with competitors to fix the rates charged to U.S. and international customers on air cargo shipments, in violation of the Sherman Act. In accordance with the plea agreement, which is subject to court approval, Pfeil has agreed to cooperate with the Department's ongoing investigation.

In July 2008, SAS pleaded guilty and was sentenced to pay a \$52 million criminal fine for conspiring to fix prices on air cargo rates.

The air cargo conspiracy affected billions of dollars of consumer and other goods—including produce, clothing, electronics and medicines—shipped by air cargo companies. Including today's charges, nine companies and two executives have been charged in the Antitrust Division's ongoing investigation into the air cargo industry and more than \$1.2 billion in criminal fines have been imposed.

"The air transportation of industrial and consumer products is a critical part of the global economy," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "The Department will continue its investigation of this important industry, and we remain dedicated to aggressively pursuing all those who engage in criminal conduct that harms American consumers."

According to the charges, beginning at least as early as January 2005 and continuing until at least February 2006, Pfeil and his co-conspirators:

- Participated in meetings, conversations and communications in the United States and elsewhere to discuss the cargo rates to be charged on certain routes to and from the United States;

- Agreed during those meetings, conversations and communications, on certain components of the cargo rates to be charged for shipments on certain routes to and from the United States;
- Charged cargo rates in the United States and elsewhere in accordance with the agreements reached; and
- Engaged in meetings, conversations and communications in the United States and elsewhere for the purpose of monitoring and enforcing adherence to the agreed-upon cargo rates.

In August 2007, British Airways Plc pleaded guilty and was sentenced to pay a \$300 million criminal fine for conspiring to fix cargo rates for international air shipments, including to and from the United States, and to fix passenger fuel surcharges for long-haul international air transportation, including between the United States and United Kingdom. The same day, Korean Air Lines pleaded guilty and was sentenced to pay a \$300 million criminal fine for conspiring to fix cargo rates charged to customers in the United States and elsewhere for international air shipments and to fix wholesale and passenger fares for flights from the United States to Korea.

In January 2008, Qantas Airways Limited pleaded guilty and was sentenced to pay a \$61 million criminal fine for its role in a conspiracy to fix cargo rates to customers in the United States and elsewhere for international air shipments.

In May 2008, Japan Airlines pleaded guilty and was sentenced to pay a \$110 million criminal fine for conspiring to fix rates for international cargo shipments.

Also in May 2008, Bruce McCaffrey, Qantas' former highest-ranking executive employed in the United States, pleaded guilty to fixing cargo rates to customers in the United States and elsewhere for international air shipments, and agreed to serve eight months in jail, and to pay a criminal fine.

Along with SAS, in July 2008, Cathay Pacific Airways Limited (Cathay), Martinair Holland N.V. (Martinair), Société Air France (Air France) and Koninklijke Luchtvaart Maatschappij N.V. (KLM Royal Dutch Airlines) pleaded guilty to conspiring to fix prices on air cargo rates. Cathay was sentenced to pay a \$60 million criminal fine, Martinair was sentenced to pay a \$42 million criminal fine, and Air France-KLM, which now operates under common ownership by a single holding company, was sentenced to pay a \$350 million criminal fine.

The ongoing investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section and the Federal Bureau of Investigation (FBI). Anyone with information concerning price-fixing or other anti-competitive conduct in the air transportation industry is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694 or the FBI Washington Field Office at 202-278-2000.

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